

Canon Inc.
2024 Corporate Strategy Conference

Industrial Group

March 8, 2024

Hiroaki Takeishi

Senior Managing Executive Officer

Head of Industrial Group

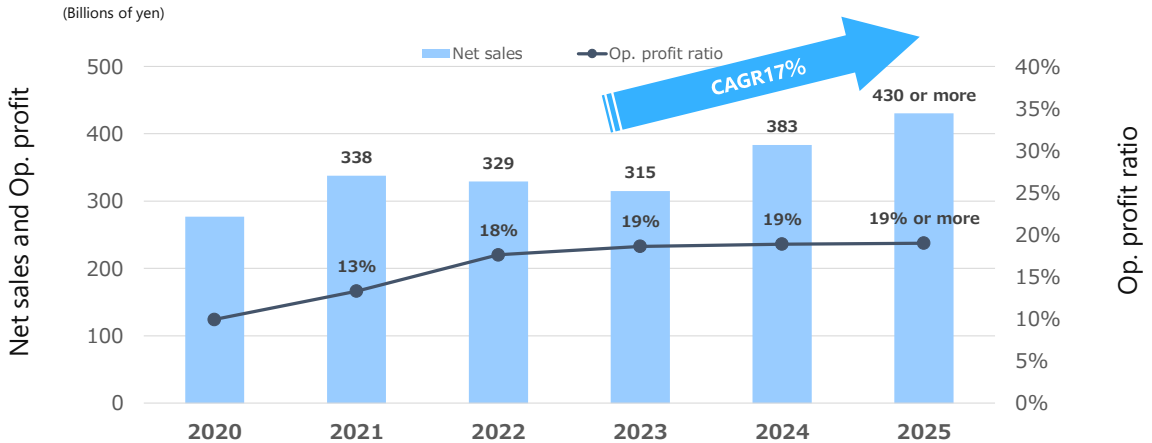


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Performance Targets



Industrial Group Consolidated Performance



Maintain high profitability by firmly capturing market growth and demand for semiconductors and displays

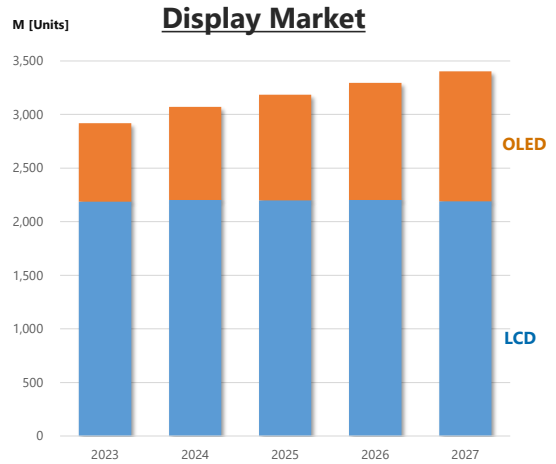
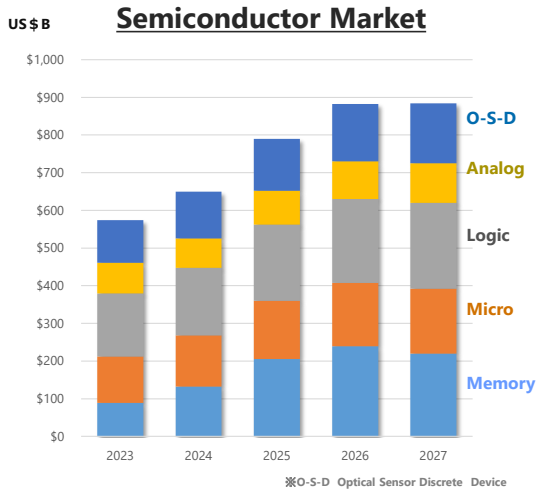
The Industrial Group offers manufacturing equipment for semiconductors and displays.

Last year, due to softening in display market conditions, we posted a decline in display manufacturing equipment sales. Thanks to active investment in the semiconductor field, however, we posted steady growth in our semiconductor manufacturing equipment business and raised the profitability of the Industrial Group overall.

As we look towards the future, in addition to expecting further growth in the semiconductor field, we are also expecting the display field, in particular the IT panel field, to change course and start recovering.

In 2025, we aim to achieve 430 billion yen in net sales and 80 billion yen or more in operating profit.

Semiconductor and Display Market Trend



Semiconductor Mkt.: Solid for logic, power, and sensors. Recovery in 2H 2024 for memory
Display Mkt.: OLED displays growth driver as their use in IT panels etc. increases

As for the semiconductor market, we are currently seeing significant difference in market conditions depending on the device.

Going forward, we expect the market for cutting-edge devices and advanced packaging for AI to drive market expansion. Additionally, we expect conditions in the memory market to recovery. And from a medium- to long-term perspective, we expect continued market growth across all types of devices.

As for the display market, due to softening market conditions, there is a sense of uncertainty. However, we expect continued steady expansion of the market for OLED displays.

Going forward, in addition to the further use of OLED displays in TVs and smartphones, we also expect the additional usage of OLED displays in IT panels to start growing in earnest.

Results up to 2023 & Challenges

- In strong semiconductor market, expanded lineup of competitive products, achieved significant growth in unit sales
- Launched equipment for cutting-edge device market, including nanoimprint and tools for 3D packaging
- Challenges: Expanding share and raising profitability in display market that is in midst of correction



Strategies & Measures Over Next Two Years

- Further raise competitiveness of semiconductor manufacturing equipment, secure production capacity to meet market demand
- Promote nanoimprint use in mass production process, particularly with major semiconductor device manufacturers, as well as encourage sales expansion
- Strengthen display manufacturing equipment competitiveness and after-market business

A look at Industrial Group results and challenges.

In the strong semiconductor market, by expanding our lineup of competitive products, in particularly lithography equipment, we achieved significant growth in unit sales.

As for nanoimprint, which we have been researching and developing for many years, our efforts finally bore fruit as we were able to launch a tool for high volume manufacturing. We have also been able to secure high market share of lithography equipment for advanced packaging.

Conversely, due to a sense of uncertainty surrounding the display market, raising our ability to generate profit has become an issue.

Based on these results and challenges, our strategy and measures over the next two year will be to first further enhance the competitiveness of our core semiconductor manufacturing equipment and expand our production capacity to meet growing market demand.

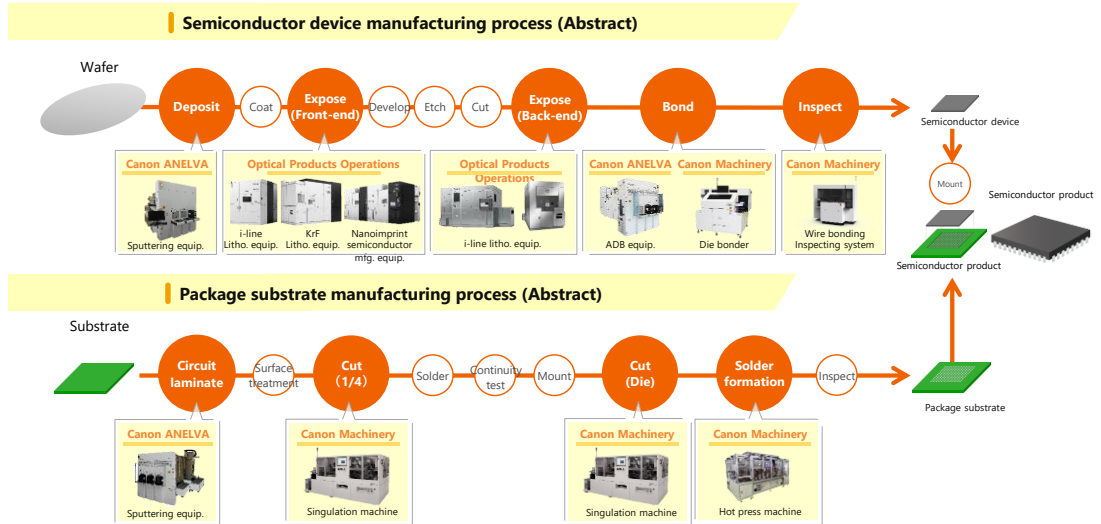
Additionally, for nanoimprint, we will promote its use in the mass production process, particularly with major semiconductor device manufacturers, as well as encourage sales expansion.

As for our display manufacturing equipment business, in addition to strengthening the competitiveness of equipment for OLED, by strengthening our after-market business by upgrading equipment already in operation, we will work to raise our ability to generate profit.

- **Respond to expansion in scale, scope, and application of semiconductor manufacturing**
- **Raise Competitiveness of manufacturing equipment for OLED displays**
- **Strengthen and expand data solutions business**
- **Cultivate new business domains through integration of core technologies**

Next, the four business strategies of the Industrial Group.

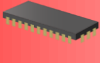





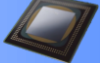










Industrial Group Expanding Lineup of Semiconductor Manufacturing Equipment



This slide shows how the products of this Group fit within the semiconductor manufacturing process.

As a whole, the Industrial Group is expanding its lineup of various products to address complex and diverse semiconductor manufacturing process. However, there is still plenty of room for business expansion.

Respond to expansion in scale, scope, and application of semiconductor manufacturing

| More Moore : Miniaturization | | | More than Moore : Diversification | | | |
|---|--|--|--|---|--|--|
|  Logic |  CPU |  Memory |  Image sensor |  RF/MEMS |  Power/LED |  Packaging |
|  Nanoimprint Semiconductor Manufacturing Equip. FPA-1200NZ2C |  High Productivity KrF Litho. Equip. FPA-6300ES6a |  High Productivity i-line Litho. Equip. FPA-5550iZ2 |  Litho. Equip. for WLP FPA-5520iV |  Litho. Equip. for PLP FPA-8000iW |  i-line Litho. Equip. for IoT Devices FPA-3030i5a / FPA-3030iWa | |
|  Wafer Alignment Measurement Device MS-001 |  Memory Wire PVD Equip. IC7500 |  Atomic Diffusion Bonding Equip. BC7300 |  Epoxy Die Bonder BESTEM-D510 | | | |

Meet expanding equipment demand through core products such as i-line & KrF Litho. Equip. and sputtering equip. while introducing strategic products in the cutting-edge device, power device, and advanced packaging market for AI

The first business strategy is to respond to expansion in the scale, scope, and application of semiconductor manufacturing.

This includes, among others, More Moore (Miniaturization) and More than Moore (Diversification). As for semiconductor devices, in addition to miniaturization, we expect to see further diversification in devices and processes.

In miniaturization, including the nanoimprint semiconductor manufacturing equipment that we released last year, we aim to further expand our business by focusing on existing lithography equipment and sputtering equipment that have received high marks for their use in the manufacturing of advanced logic and memory.

In diversification, we will also expand our market share by expanding products that are optimized according to the characteristics of the device and the required process, such as the lithography equipment for the back-end process and the bonding equipment that we released last year.

To meet the rapidly changing needs of the semiconductor market, we will develop various solutions and strengthen our product capabilities.

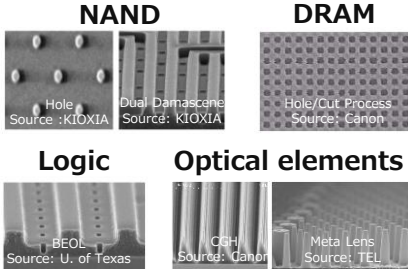
Expansion of Nanoimprint Semiconductor Mfg. Equip.



Low Cost and Low Energy Consumption in Mfg. of Circuit Patterns in the Range of 10nm

Patterning Performance & Application

Meet need for miniaturization in 10nm range and for various devices via 3D single patterning



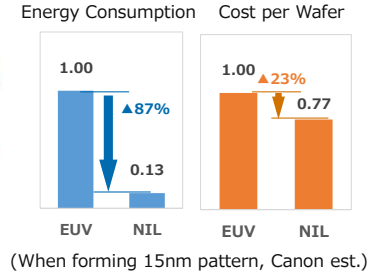
FPA-1200NZ2C

Nanoimprint semiconductor manufacturing equipment (October 2023)



Energy Consumption & Mfg. Cost

Very low energy consumption and low cost in mfg. of advanced devices



Promote customer adoption in various segments such as memory, logic, and micro optical elements by leveraging strengths in areas such as fine and clear pattern formation, 3D single patterning, low power consumption and low cost

In October of last year, we started sales of a nanoimprint semiconductor manufacturing system, the FPA-1200NZ2C.

This system can shape fine and complex pattern in the 10nm range extremely well. It can also reduce the number of processing steps through 3D single patterning of Via and Line.

It also uses less energy in advanced semiconductor production, limiting costs as well as contributing significantly to reduce environmental burden.

We will accelerate sales activities with the aim of employing them in mass production as soon as possible.

Expand Product Lineup for Advanced Packaging Sphere



The Group will develop powerful products for the rapidly expanding advanced packaging market and launch new products that meet the evolving heterogeneous device integration technology

Going forward, we will maintain our focus on the back-end process and packaging, areas expected to grow.

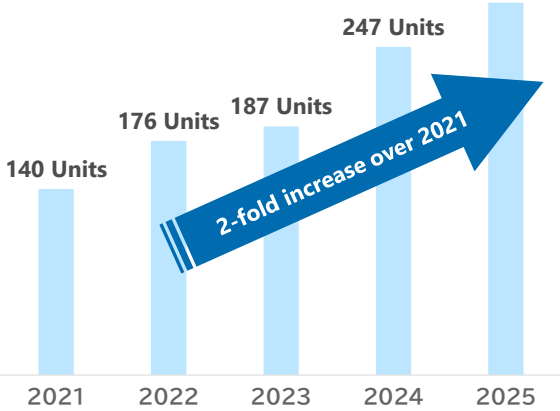
Semiconductors until now, have realized higher performance through advances made in the front-end process. In addition to this, the market is expected to expand rapidly in the future due to the accelerated progress of performance enhancement through advances in the back-end process.

In this field, we have a wide range of products, including film deposition and bonding equipment, as well as lithography equipment that have gained high market share.

New and different technologies will also be required.

And to address this market demand, we will introduce new products.

Semiconductor Litho. Equip. Sales



New factory (Concept)

| | |
|------------------------|--|
| Automation | On-site logistics, skilled work |
| Optimization | Centralized management of production information |
| Environmental response | Energy conservation, waste reduction |

Started construction of new factory in Dec. 2023, become operational in the 1H 2025 (Planned)
Meet expanding market demand for semiconductors through significant increase in production capacity

In 2024, we expect the semiconductor device market to reach an all-time high in terms of scale, thanks to factors such as growing investment towards power devices and expanding demand for generative AI.

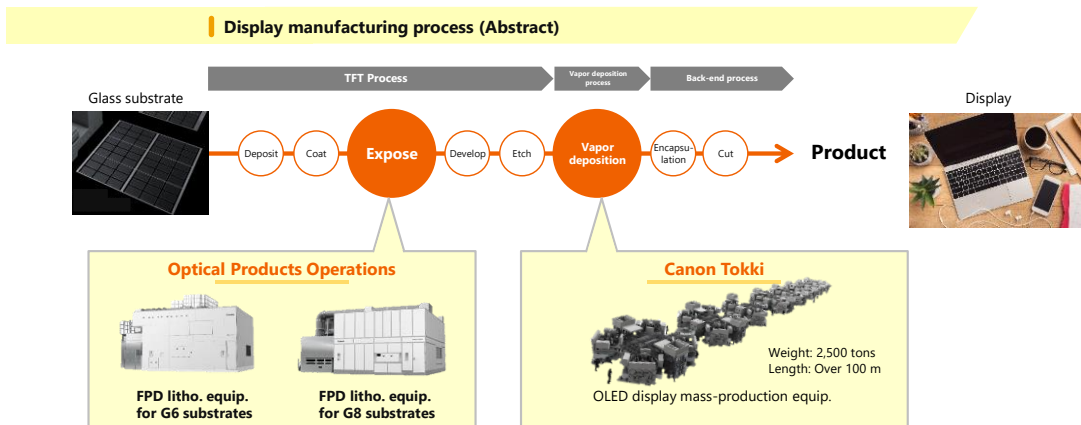
As a result, for semiconductor lithography equipment sales this year, we planned for a record high of 247 units.

We expect expansion of the semiconductor market to continue in the future as well. We will respond to this market demand by bringing the new factory we are currently constructing online in 2025.

As for the new factory, we aim to realize a "smart factory for semiconductor manufacturing equipment" that not only addresses energy conservation and other environmental considerations, but also automates on-site logistics and skilled work, and improves efficiency by centrally managing production information.

Through these measures, we will support the future of the ever-expanding semiconductor market.

Display Mfg. Equip. Developed by the Industrial Group



Through G6 and G8 mfg. equip. that meet customer demand, expand market share, while raising profitability of after-market business, based on our strong market results

Next, in the field of display manufacturing, this group offers production equipment for lithography and deposition processes, which are key processes in the production of LCD and OLED displays.

Through lithography equipment that incorporates a proprietary large optical system and vapor deposition equipment for OLED, Canon is contributing to the advancement of displays.

As our business strategy, we will continue to focus on growing OLED applications.

To meet customer needs for panels that offer even more advanced feature and panels that can be used in expanding applications, we will increase our market share by enhancing our product capabilities and developing products for growing markets.

Additionally, we will also work to raise our ability to generate profit in our after-market business by leveraging our install base.

Strengthen & Expand Data Solutions Business

Expand “Lithography Plus,” platform for industrial equipment data solutions

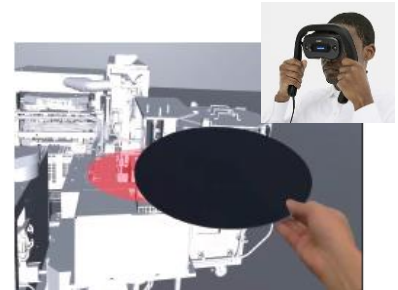
Integrate digital technology and equipment know-how to achieve high utilization rates and yield



Big data analysis of MIF



Remote support solutions



Training that uses MREAL

**Using AI analysis of big data generated by global MIF,
Expand solution business to achieve evolution in semiconductor manufacturing process**

Our third business strategy is strengthening and expanding our data solutions business.

Precise management of semiconductor manufacturing facilities to maintain high utilization rates and yields is essential. This is where we see opportunity to turn data solutions into a business.

Needless to say, we make use of AI technology to analyze big data generated by equipment.

“State-of-the-art support solutions using MREAL,” which we introduced at Canon EXPO last year, continues to evolve.

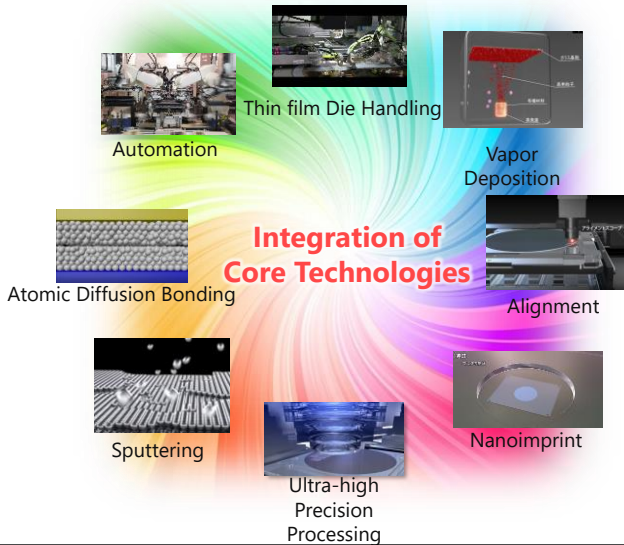
It is an extremely effective tool for accelerating the development of highly skilled engineers.

It creates and delivers high levels of value to customers.

By rapidly turning this cycle, we will contribute to the further evolution of semiconductor manufacturing sites.

It is a typical example of cyber-physical systems.

Core Technologies



New Domains



The Industrial Group has a variety of core technologies that are at the forefront of the industry.

We are working to develop new business domains by integrating the core technologies of each company.

In the semiconductor field, we are keenly considering solutions for advanced packaging and advanced logic, and in the display field, solutions for XR displays.

We are committed to making the best use of all our resources to create synergies for our customers and the world to experience.